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95-1161

Supreme Court, U.S.
FILED
JAN 17 1996
CLERK

NO._____.

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM 1995

LEECO, INC. PETITIONER

v.

BILLY WAYNE BURNS; HON. LLOYD R. EDENS, Administrative Law Judge; and WORKERS' COMPENSATION BOARD RESPONDENTS

ON PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF KENTUCKY

PETITION FOR WRIT OF CERTIORARI AND APPENDICES

LEONA A. POWER
REECE & LANG, P.S.C.
P.O. Drawer 5087
London, Kentucky 40745-5087
(606)864-2263
Counsel Of Record

TIMOTHY J. WALKER
REECE & LANG P.S.C.
P.O. Drawer 5087
London, Kentucky 40745-5987
(606)864-2263
Counsel for Petitioner

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QUESTION PRESENTED

Is a state workers' compensation law requiring coal mine operators to pay substantial, cash "retraining incentive benefits" to employees who are still working as coal miners, who have no physical or occupational disability, and whom the statute does not require to seek any retraining as a condition of their receiving such benefits, so arbitrary and irrational that it violates the Fourteenth Amendment to the United States Constitution?

PARTIES TO THE PROCEEDING BELOW

The parties to this proceeding were also parties to the proceedings in the Supreme Court of Kentucky. Leeco, Inc. is a corporation whose parent company is Transco Coal Company. The parent of Transco Coal Company is James River Coal Company. Leeco, Inc. has no subsidiaries.

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PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF KENTUCKY

Petitioner, Leeco, Inc., respectfully prays that a Writ of Certiorari issue to review the decision of the Supreme Court of Kentucky entered on October 19, 1995.

OPINIONS BELOW

The opinion of the Supreme Court of Kentucky was designated by that court "Not to be Published" so it is unreported, but it is reprinted in Appendix A at pages A1-A4.

The Opinion of the Court of Appeals of Kentucky is not officially reported but it is reprinted in Appendix A at pages A5-A9. The Opinion of Kentucky Workers' Compensation Board is reprinted in Appendix A at pages A10-A11. The Opinion, Order and Award issued by Administrative Law Judge Edens is reprinted in Appendix A at pages A12-A15.

JURISDICTION

The opinion of the Supreme Court of Kentucky was entered on October 19, 1995. This Petition is filed within 90 days of that date. The jurisdiction of this Court is invoked under 28 U.S.C. §1257(a). Pursuant to United States Supreme Court Rule 14.1(e)(v), Petitioner states that although an agency and an employee of the Commonwealth of Kentucky are parties herein, their interests may not be such that they would be inclined to respond on behalf of the state; and, therefore, 28 U.S.C. §2403(b) may be applicable and Petitioner has served this petition on the Attorney General of Kentucky.

STATUTORY AND CONSTITUTIONAL PROVISIONS

Kentucky Revised Statute §342.732, as it existed at the time the original proceedings herein were initiated (said statute having been amended thereafter, as will be discussed herein), is reproduced in its entirety in Appendix B at pages B1-B4.

The Fourteenth Amendment to the Constitution provides in relevant part:

> [N]o state shall . . . deprive any person of life, liberty, or property, without due process of law . . . .

STATEMENT OF THE CASE

In 1987, the Kentucky legislature enacted numerous amendments to the Kentucky Workers' Compensation Act, Ky. Rev. Stat. Chapter 342. Among these was a new section of the Act, Ky. Rev. Stat. §342.732, which included a new type of benefit, called a "retraining incentive benefit," available to coal miners who were found to have the earliest stage of coal workers' pneumoconiosis discernable on a chest X-ray film. This new benefit could be collected by a miner from his employer even as the miner continued to work and receive wages, without any showing that the miner had suffered any adverse effects of the disease. The legislature simultaneously amended Ky. Rev. Stat. §342.197, the "antidiscrimination" provision of the Act, by adding a new subsection prohibiting coal mine operators from refusing to hire, discharging, or taking any action at all towards a miner because of the miner's having contracted the early stage of pneumoconiosis. Aside from its use of the term "retraining incentive benefits," the legislature provided no indication of its intention as to the purpose of those benefits, except, of course, the intention that a substantial amount of money change hands.

Petitioner, Leeco, Inc., operates coal mines. Respondent, Billy Wayne Burns, is a miner who was and still is employed by Leeco. Burns filed an "Application for Adjustment of Claim" with the Kentucky Department of Workers' Claims on August 5, 1993, seeking to require Leeco to pay him "retraining incentive benefits." On the basis of evidence showing that Burns had an early stage of simple coal workers' pneumoconiosis and there being no evidence of pulmonary impairment, the administrative law judge issued an award. As is noted in the administrative law judge's Opinion, Order and Award (Appendix A at page A13), Leeco had presented to the ALJ the constitutional questions stated in this petition, but the ALJ deemed them "reserved" for appeal,

presumably because he did not have authority to decide them. (Appendix A at pages A12, A13).

Leeco sought review of the ALJ's decision by appeal to the Kentucky Workers' Compensation Board. Leeco argued that there was no rational basis for the statute under which Burns was granted his award and that, therefore, the statute and the award violated the Fourteenth Amendment to the United States Constitution as well as provisions of the Constitution of Kentucky. The Board, however, declared that "as an administrative agency, [it] has no jurisdiction to determine the constitutionality of the statute" and that "[s]uch a determination can only be made by a court of law;" so it affirmed the award. (Appendix A at pages A10-A11).

Leeco then filed a petition for review by the Kentucky Court of Appeals. The same issues were presented to the Court of Appeals but it, too, affirmed the award. The Court of Appeals declared that, in its opinion, the statute in question violates neither the state nor the Federal Constitution. (Appendix A at pages A5-A9). Leeco then appealed that decision to the Supreme Court of Kentucky but that court affirmed the lower court's decision. (Appendix A at pages A1-A4). As the matter now stands, if this Court does not grant the relief requested in the present petition, Leeco will be required to begin paying Burns a cash benefit at the rate of $147.90 per week and to continue paying this for a period of 208 weeks, even while Burns continues to work for Leeco and earn full wages as a coal miner.

COMPELLING REASONS FOR GRANTING THE WRIT

I. Introduction.

Under the authority of a Kentucky statute, Kentucky's Workers' Compensation Board and its appellate

courts have declared that Leeco, Inc. is required to pay several thousand dollars in workers' compensation benefits to an employee who has suffered no disability. In fact, the stage of coal workers' pneumoconiosis which Burns has contracted is one which, according to every authority, does not cause any respiratory impairment. Given that Burns is still employed in the occupation which allegedly gave rise to his disease, clearly he has no "occupational disability" within any definition of that term previously existing in the law.

The Kentucky General Assembly appears to have recognized that fact when it drafted the statute, because it declared that the type of benefit awarded to Burns was to be called a "retraining incentive benefit." The problem, however, is that under the statute the benefit is payable to the claimant in cash whether he undergoes any retraining or not. The predictable result of this has been that the benefit actually operates as disincentive for such claimants to seek retraining and pursue other occupations which would not expose them to coal dust; and this is so simply because such claimants can continue to work as coal miners (this being perhaps the highest-paid, unskilled occupation existing in Kentucky) while receiving the "retraining incentive benefit" which, under these circumstances, is nothing but a huge, cash bonus. That statutory scheme was roundly criticized from virtually every quarter, including Kentucky's courts, and the General Assembly finally amended the statute to provide an actual incentive for coal miners to retrain for other jobs; but that amendment took effect on April 4, 1994, too late to be applicable to this case and several hundred others which already had been adjudicated under the 1987 statute.

II. History of the Statute.

Coal workers' pneumoconiosis, or "black lung," is a subject which has given rise to much legislation and litigation

in Kentucky. The Kentucky Workers' Compensation Act, Ky. Rev. Stat. Chapter 342, has for many years treated "occupational diseases" as a special class of compensable "injuries." Coal workers' pneumoconiosis is unique among "occupational diseases" as to the immense volume of litigation and reported cases it has generated as well as the attention which has been focused upon it by the state legislature.

In addressing the issue presented here, it is necessary that there be an understanding of pneumoconiosis, itself, particularly an understanding of the attributes of the disease and the other factors which have given rise to legislation concerning it. One source of information on this topic is the opinion of this Court in Usery v. Turner Elkhorn Mining Company, 428 U.S.1 (1976). That decision addressed an attack on "certain aspects of Title IV of the Federal Coal Mine Health and Safety Act of 1969, 83 Stat. 792, as amended by the Black Lung Benefits Act of 1972, 86 Stat. 150, 30 U.S.C. §901 et seq. (1970 ed. and Supp. IV)" based upon an assertion that the federal statute was unconstitutionally arbitrary and irrational. Id. at 5. In Usery, the Court observed that, while advanced or "complicated" pneumoconiosis can be accompanied by serious pulmonary impairment and a substantial risk of worsening, simple pneumoconiosis "is generally regarded by physicians as seldom productive of significant respiratory impairment." Id. at 7. The Court's acknowledgement of the distinction between "simple" and "complicated" pneumoconiosis apparently was an important factor in the Court's upholding the federal statute.

The Supreme Court of Kentucky also described the medical attributes of pneumoconiosis in connection with its upholding, against an attack by coal mine operators, a different provision of Ky. Rev. Stat. §342.732 than is at issue here. Kentucky Harlan Coal Company v. Holmes, 872 S.W.2d 446 (Ky. 1994). The court relied heavily upon a book published by former state senator H. Edward O'Daniel, Jr., titled 1987 Kentucky Workers' Compensation Law, wherein the Senator

undertook to describe the process by which the 1987 "reform" legislation was enacted. Senator O'Daniel's book provides insight which otherwise would be unavailable, since the Kentucky legislature does not publish records of its deliberations. According to Senator O'Daniel, the legislature had before it the following information:

> Pursuant to X-ray examination, pneumoconiosis is classified as simple or complicated depending on the size of the opacities present in the patient's lungs. The presence of opacities smaller than one centimeter in diameter indicates the presence of simple pneumoconiosis; whereas, the presence of opacities larger than one centimeter in diameter indicates the presence of complicated pneumoconiosis. Simple pneumoconiosis is subclassified by the number of opacities present as category 1, 2, or 3, with category 2 representing X-rays with a moderate number of opacities and category 3 representing X-rays with more opacities than are typical of simple pneumoconiosis. Simple pneumoconiosis, even if category 3, is not usually associated with any significant decrease in lung function; whereas, complicated pneumoconiosis, particularly in its more advanced forms, is often associated with severe clinical disease and moderate to severe pulmonary dysfunction. O'Daniel, supra, at 13-15.

Holmes, 872 S.W.2d at 449, 450. In short, simple pneumoconiosis (and the statute in question here concerns only the earliest stage, or "category 1," of simple pneumoconiosis) typically does not cause physical impairment. That point

having been stated, it is necessary that there be a discussion of the evolution of Kentucky law concerning pneumoconiosis.

Prior to the enactment of Ky. Rev. Stat. §342.732 in 1987, a coal miner who merely presented an X-ray examination showing that he had contracted the earliest stage of simple pneumoconiosis had a very good chance of obtaining an award based upon permanent, total occupational disability providing benefits at a rate in excess of $300.00 per week (the maximum rate being set in accordance with the year in which the claimant's "last exposure" to coal mining dust occurred) for the rest of his life. On the other hand, a miner could not be considered to have a compensable disability due to an occupational disease so long as he was continuously employed in the occupation which exposed him to the hazard giving rise to the disease. Bethlehem Mines v. Davis, 368 S.W.2d 176 (Ky. 1963); Stephens Elkhorn Coal Corp v. Tibbs, 374 S.W.2d 504 (Ky. 1964); Alva Coal Company v. Trosper, 375 S.W.2d 406 (Ky. 1964). The reason for this rule was stated as being "that so long as a man actually continues, despite an occupational disease, to satisfy the requirements of his work it can hardly be found that he cannot do it." Allen v. Commonwealth, Department of Highways, 425 S.W.2d 283, 284 (Ky. 1968). Thus, it appeared that, as a general rule, a coal miner seeking benefits for pneumoconiosis had to establish (a) that he was no longer working as a coal miner (for whatever reason) and (b) that he was afflicted with some stage of pneumoconiosis, if only the very earliest stage; and thereupon he was very likely to receive an award that would support him for the rest of his life. As was noted by the court in Holmes, the generosity of the prior system of compensation for pneumoconiosis had resulted in intolerable costs to employers and the "Special Fund," Kentucky's cost-spreading mechanism funded by assessments on employers and insurance carriers. This was the primary motivation for the legislature's changing the law in 1987. Holmes, 872 S.W.2d at 449, 450.

The most important change concerning pneumoconiosis was the addition of a new section of the Act, Ky. Rev. Stat. §342.732, which created a system for determining the amount of benefits awardable to a claimant with pneumoconiosis. The new statute (Appendix B to this petition) provided that benefits for permanent, total disability would only be awarded if the claimant demonstrated that he had pneumoconiosis with an X-ray classification of at least "2/1" (the earliest stage of "category 2," simple pneumoconiosis) or, if the claimant only had "category 1" pneumoconiosis, that it was accompanied by breathing impairment so severe that his "forced expiratory volume in one second" or his "forced vital capacity," as measured in a standard fashion, had fallen below 55% of the predicted values for a "normal" person of the claimant's sex, age and height. The statute provided that a claimant with "category 1" simple pneumoconiosis who did not qualify for the highest award could still receive benefits for permanent, partial disability if he showed that his "forced expiratory volume in one second" or his "forced vital capacity" had been reduced below 80% of the predicted value but not below 55%. All other claimants found to have "category 1" pneumoconiosis would be eligible to receive what the legislature called a "retraining incentive benefit." Liability for payment of the various "disability" benefits was apportioned between the last employer and the Special Fund as under prior law, but the "retraining incentive benefit" was to be paid entirely by the mine operator by whom the claimant was most recently employed when he applied for benefits.

As will be discussed further under a subsequent heading, the new statute was, in most respects, a benefit "schedule" much like the schedules used in previous versions of the Kentucky Act and still in use in other jurisdictions, with one exception: A miner eligible for "retraining incentive benefits" could collect them even as he continued to work as a coal miner. Clearly, the legislature recognized that these benefits

were to be awarded in the complete absence of "disability" as that term previously had been defined. The name "retraining incentive benefits" apparently was chosen simply to distinguish this type of benefit from all other kinds of awards available under Ky. Rev. Stat. §342.732 and the rest of the Workers' Compensation Act. The name itself, however, was the only indication of a connection between this kind of award and any goal of retraining the miner or removing him from the cause of his disease. In fact, the legislature simultaneously amended Ky. Rev. Stat. §342.197, the antidiscrimination section of the Act, to state:

> (2) It is unlawful practice for an employer:
>
> (a) To fail or refuse to hire, or to discharge any individual, or otherwise discriminate against an individual with respect to his compensation, terms, conditions or privileges of employment, because such individual has been diagnosed as having category 1/0, 1/1, or 1/2 occupational pneumoconiosis with no respiratory impairment resulting from exposure to coal dust; or
>
> (b) To limit, segregate or classify his employees in any way which would deprive or tend to deprive an individual of employment opportunities or otherwise adversely affect his status as an employee, because such individual has been diagnosed as having category 1/0, 1/1, or 1/2 occupational pneumoconiosis with no respiratory impairment resulting from exposure to coal dust.

Thus, far from expressing even a preference that eligible miners retrain for jobs other than coal mining, so as to avoid the risk

of the disease's worsening, the statute gave them an absolute right to continue working in that occupation. Of course, they would receive their full wages for as long as they wanted to work in the mines while also receiving an income benefit at a rate well over $100.00 per week.

The Holmes decision, previously discussed, arose from the assertion by an employer that the irrebuttable presumption of total disability created by Ky. Rev. Stat. §342.732(1)(d), for claimants demonstrating "category 2" pneumoconiosis, was unconstitutionally arbitrary and irrational. The issue presented here, concerning the retraining incentive benefits provision of the statute, was not presented in Holmes. The Kentucky court had occasion to analyze the retraining incentive benefit provision in an earlier case, however, and it stated:

> We note the apparent contradiction of purpose in a statutory scheme which, on the one hand, awards benefits to encourage workers with Category 1 coal workers' pneumoconiosis and no respiratory impairment to retrain in preparation for seeking employment outside the mining industry, but which, in fact, not only fails to require that those benefits be used for retraining but also penalizes a mine operator who refuses to hire such a worker. Such a scheme is incomprehensible to this Court. If the legislature truly intends to encourage these workers to seek other employment, we would urge them to enact legislation that would more effectively accomplish that purpose.

Eastern Coal Corp. v. Blankenship, 813 S.W.2 808, 810 (Ky. 1991). The constitutionality of the retraining incentive benefit statute, however, had not been called into question in that case, either.

Apparently in response to criticism like that contained in Blankenship, the Kentucky legislature changed Ky. Rev. Stat. §342.732(1)(a) with an amendment which became effective April 4, 1994, too late to be applicable in this case and thousands of others which already had been adjudicated. The new statute provides, in pertinent part:

> [Retraining incentive] benefits may be paid directly to the employee only if the employee is not working in the mining industry in the severance and processing of coal . . . . While the employee is working in the mining industry in the severance and processing of coal . . . and if the employee is enrolled and actively participating in a bona fide training or education program approved under administrative regulations to be promulgated by the commissioner, benefits awarded under this paragraph shall be paid directly to the institution conducting the training or education program on a semimonthly basis . . . . When the employee, through no fault of his own, is no longer working in the mining industry in the severance or processing of coal . . . then any remaining benefits shall be paid directly to the employee on the same monthly basis as provided in KRS 342.040.

Ky. Rev. Stat. §342.732 (Michie, 1994 Cum. Supp.). When that amendment took effect, there were several hundred cases pending before administrative law judges which had been filed prior to the effective date of the amendment; and employers advanced an argument that the amendment should be applied "retroactively" to those pending cases. (Again, that argument was not available in this case and many others which already

had advanced to the state's Court of Appeals or Supreme Court by then.) The Supreme Court of Kentucky finally addressed this argument in Thornsbury v. Aero Energy, 908 S.W.2d 109 (Ky. 1995), and ruled in favor of the employers. The court pointed out the absurdity of the previous retraining incentive benefit statute and the "remedial" nature of the 1994 amendment, this "remedial" quality being the court's justification for applying the new statute to cases which had not been adjudicated before its effective date. In particular, the court stated:

> We believe it plain that the legislature intended to reform the statute to live up to its name and actually provide retraining incentive benefits. There can be no question that prior to the amendment, the 208 week award rarely, if ever, served as an incentive to retrain coal workers. We have no doubt that the ALJ's reference to "bass boat benefits" and "pick-up truck benefits" is no exaggeration. Further proof lies in the statistics provided by the [Workers' Compensation] Board, namely, that 855 RIB claims were filed in March of 1994 alone, as compared to 948 RIB claims filed in all of 1991.

Id. at 111. The point of that last sentence in the quoted passage was that when coal miners and the plaintiff's bar learned of passage of the 1994 amendment, they hurriedly filed as many of their "RIB" claims as possible before April 4, 1994, the date on which the Governor was expected to (and ultimately did) sign the bill. In other words, the court understood that, given a choice, coal miners would rather have extra cash that they could spend on a "bass boat" or "pick-up truck" than a right to be trained for another occupation. Nevertheless, when the present case made its way to that court, it refused to find the

1987 statute so arbitrary and irrational as to violate the Constitution.

III. Citizens of the United States Have the Right to be Free From Economic Legislation Which is Arbitrary and Irrational.

Leeco appreciates the difficulty of the task before it in this case. See, e.g., U.S.v. Salerno, 481 U.S. 739, 745 (1987).; U. S. Department of Labor v. Triplett, 494 U.S. 715, 721 (1990) (describing the burden to be carried by the party advancing a due process challenge against a legislative act). In Salerno, the Court did, however, acknowledge the continued viability of a right to "substantive due process," preventing a legislature from engaging in conduct which "shocks the conscience," arising under the Constitution. 481 U.S. at 746 (citing Rochin v. California, 342 U. S. 165, 172 (1952)). The very existence of those decisions and others which will be cited herein implies that there exists somewhere a boundary between legislation which is at least arguably rational and that which is violative of the Federal Constitution because it is completely irrational and arbitrary. The Kentucky legislature crossed that line in enacting the statute challenged herein.

The Fourteenth Amendment places upon the governments of the states the same duty to observe the requirements of due process as is placed on the Federal Government by the Fifth Amendment. The right of citizens to due process inures to the benefit of business entities as well as individuals, and protects them from government actions resulting in the transfer of their assets to others without any rational basis or legitimate purpose. Railroad Retirement Board v. Alton Railroad Company, 295 U.S. 330 (1935) (Federal enactment requiring railroads to set aside pension funds for claimants, including former employees who were not

employed at the time of the enactment, held unconstitutionally arbitrary and irrational under the Fifth Amendment). In Usery v. Turner Elkhorn Mining Company, Justice Marshall, writing for the majority, suggested that Alton might not "retain[] vitality," pointing out that four Justices had "dissented from the Court's invalidating the Railroad Retirement Act altogether, but [had] agreed with the Court that the provision for allowances to former employees was arbitrary." Usery v. Turner Elkhorn Mining Company, 428 U.S. 1, 19 n.18 (1976) (citing Alton, 295 U.S. at 374, 389) (emphasis added). Kentucky's 1987 RIB statute is at least as irrational as the provisions of the Railroad Retirement Act which even the dissenters in Alton found unconstitutional.

The Kentucky Constitution contains a provision which is recognized as being the state's equivalent to the Federal Due Process Clauses. It states: "Absolute and arbitrary power over the lives, liberty and property of free men exists nowhere in a republic, not even in the largest majority." Ky. Const., §2; see generally, Kentucky Milk Marketing v. Kroger Company, 691 S.W.2d 883, 899 (Ky. 1985). Thus, whether or not the individual citizens of the United States possess a "liberty interest" in the freedom from abuse at the whim of the most powerful factions of a state legislature, the citizens of Kentucky certainly do possess such a right arising from this state's constitution. The state, having created that right, cannot then disregard it without running afoul of the Fourteenth Amendment. Hewitt v. Helms, 459 U.S. 460, 471-472 (1983) (held that a state statute's use of "explicit mandatory language" setting forth prerequisites for certain actions toward prison inmates "ha[d] created a protected liberty interest"), cited in Washington v. Harper, 494 U.S. 210, 221 (1990) (a state correctional institution's Policy regarding involuntary administration of psychotropic drugs having been challenged under the Due Process Clause; held that "the Policy itself undoubtedly confer[red] a right" in the nature of a protected

"liberty interest"). What the Kentucky legislature did here, in order to obtain passage of a beneficial bill, was to include in it provisions which were demanded by certain powerful factions but which served no legitimate purpose, and then attach to those provisions a label which, it was hoped, would make them appear less arbitrary. Such a ruse should not enable the legislature to avoid constitutional restraints.

Comparing the RIB statute to the Federal Act which was at issue in Usery is crucial to the determination in this case. In Usery, the challenged statute provided various means of establishing "total disability," and an irrebuttable presumption of total disability arising from a determination that the miner was afflicted by complicated pneumoconiosis with progressive massive fibrosis. 428 U.S. at 10, 11. The mine operators, seeking to have the statute declared invalid, pointed out that it provided "total disability" compensation for a class of claimants which might include individuals who could still work in nonmining jobs. The Court responded as follows:

> We think it patent that this attack on §402(f) must fail. A miner disabled under §402(f) standards has suffered in at least two ways: His health is impaired, and he has been rendered unable to perform the kind of work to which he has adapted himself. Whether these interferences merit compensation is a public policy matter left primarily to the determination of the legislature. [Citation omitted] We cannot say that they are so insignificant as not to be a rational basis for compensation. Indeed, we long ago upheld against similar attack a workmen's compensation scheme providing benefits for injuries not depriving the employee of his ability to work. See New York Central R. Co. v. Bianc, 250 U.S. 596, 40 S.Ct. 44, 63

L.Ed. 1161 (1919); cf. Urie v. Thompson, 337 U.S. 163, 181-187, 69 S.Ct. 1018, 1030-1033, 93 L.Ed. 1282 (1949).

428 U.S. at 21. The Court further observed that the use by Congress of the term "irrebuttable presumption of total disability" to describe a class of claimants which might conceivably include individuals employable outside the coal industry did not render the statute invalid. The Court reasoned:

> Were the Act phrased simply and directly to provide that operators were bound to provide benefits for all miners clinically demonstrating their affliction with complicated pneumoconiosis arising out of employment in the mines, we think it clear that there could be no due process objection to it. For, as we have already observed, destruction of earning capacity is not the sole legitimate basis for compulsory compensation of employees by their employers. New York Central R. Co. v. Bianc, supra.

428 U.S. at 223.

The Court's reliance upon Bianc is telling. That case involved a New York statute which provided compensation based upon "disfigurement" due to an injury, without the need for the claimant's proving a reduction of earning capacity, and the Court stated:

> Even were the impairment of earning power the sole justification for imposing compulsory payment of workmen's compensation upon the employer in such cases, it would be sufficient answer to the present contention to say that a

> serious disfigurement of the face or head reasonably may be regarded as having direct relation to the injured person's earning power irrespective of its effect upon his mere capacity for work. Under ordinary conditions of life, serious and unnatural disfigurement of the face or head very probably may have a harmful effect on the ability of the injured person to obtain or retain employment.

New York Central R. Co. v. Bianc, 250 U.S. 596, 601-602 (1919). The Court was dealing in Bianc with a "price tag" or "benefit schedule" statute. Such a schedule was once contained in Kentucky's Workers' Compensation Act and some other states still utilize such schedules. A comparative treatise on workers' compensation laws explains benefit schedules as follows:

> The typical schedule provides that, after the injury has become stabilized and its permanent effects can be appraised, benefits described in terms of regular weekly benefits for specified numbers of weeks shall be paid, ranging, for example, from 312 weeks for an arm, 288 for a leg, and 160 for an eye, to 38 for a great toe and 7½ for one phalange of the little finger. These payments are not dependent on actual wage loss. Evidence that the claimant has had actual earnings, or has even been regularly employed at greater earnings than before, is completely immaterial.
>
> . . . . The basic theory [of compensation] remains the same; the only difference is that the effect on the earning capacity is a conclusively

> presumed one, instead of a specifically proved one based on the individual's actual wage-loss experience.

Arthur Larson & Lex K. Larson, The Law of Workmen's Compensation, Vol. 1C §58.11 (1994) (footnotes omitted). Thus, the point of the Court's analysis in Usery was that, notwithstanding Congress' use of the term "total disability," all that it was doing was putting a "price tag," in the manner of a benefit schedule, upon a medical condition which could be, but was not necessarily, disabling.

The Supreme Court of Kentucky, in turn, relied upon Usery when it upheld the irrebuttable presumption of "total disability" contained in Ky. Rev. Stat. §342.732(1)(d) in Kentucky Harlan Coal Company v. Holmes. In many respects section 342.732 as a whole can be seen as a benefit schedule for pneumoconiosis, providing for awards in certain amounts based upon different levels of pulmonary impairment and/or progression of the disease. Thus, although the portion of the statute which was at issue in Holmes described an "irrebuttable presumption that the employee is totally disabled" arising if the employee has established the presence of category 2 pneumoconiosis, the real point was to provide a predetermined amount of compensation, based upon assumptions which probably were valid as to a large number of cases; so the Kentucky Court's declaring that statute to be constitutional was consistent with Usery.

Retraining incentive benefits, however, cannot be justified by this means because they lack any of the rational underpinnings of schedule benefits. With the latter, the goal is to eliminate the need for proof as to the occupational effect of a certain type of injury in order to provide efficient disposition of claims. With retraining incentive benefits, particularly in light of the antidiscrimination provision of KRS 342.197(2), it is conclusively established that there is no effect

at all upon employability or earning power. None of this Court's reasons for sustaining the Federal Act, none of the justifications for benefit schedules and none of the Kentucky court's reasons for finding Ky. Rev. Stat. §342.732(1)(d) constitutional applies to retraining incentive benefits. Even though Usery states that "impairment of health" without reduction of earning power is a legitimate basis for workers' compensation benefits, the awards at issue here are conditioned upon the absence of any such impairment. Indeed, the same legislative history relied upon in Usery and in Holmes establishes that the X-ray classifications which form the basis for retraining incentive benefit awards are not associated with pulmonary impairment. The Kentucky legislature obviously had this in mind when it forbade employers' taking any action at all to affect a worker's employment by reason of such X-ray findings. Rather than being based upon a "presumed" disability or an estimate that might fairly compensate for some loss in many, or even a few cases, retraining incentive benefits are paid when it is irrefutably established that there is no loss at all, either physical or occupational.

The only other means of trying to find a valid basis for the statute is to approach the Kentucky legislature upon its own terms and determine whether the statute is rationally related to retraining coal miners who have simple pneumoconiosis. Leeco will concede that such a purpose, if it actually could be served by the statute, would be one which the legislature could lawfully pursue. There are two problems, however. First, as the Supreme Court of Kentucky came very close to saying in Blankenship and Thornsbury, the legislature could not possibly have held a rational belief that the statute would serve such a purpose. Second, the legislature did not really have such a purpose in mind despite its choice of words. According to the book by Senator O'Daniel, the "retraining incentive benefits" provision of the 1987 amendments was nothing but a "political compromise," presumably to expedite the acquiescence of

groups who otherwise would have opposed those other measures geared toward limiting the availability of total disability awards. H. Edward O'Daniel, Jr., 1987 Kentucky Workers' Compensation Law, 21 (1988). In that light, it appears that the reformers simply bought off resistance to the proposed reforms by creating a new species of benefit which claimants could collect while they continued to work as coal miners.

The further amendments which became effective in 1994 created for working miners an actual retraining benefit and, as to claimants who have ceased to work as coal miners, provided a cash payment which falls into line with the "schedule" theme demonstrated by the other subsections of Ky. Rev. Stat. §342.732. Those amendments also serve, however, to underscore the manner in which the previous version of the statute was completely inconsistent with those goals. Statistics provided by the Workers' Compensation Board, which are mentioned briefly in Thornsbury, show that the number of retraining incentive benefit claim filings increased at an alarming rate throughout the years in which the original version of the statute was in effect. After all, the statute had enabled every coal miner who could obtain the requisite diagnosis to apply for benefits, whereas it formerly had been the case that workers could not lawfully seek workers' compensation benefits unless they actually had sustained some noticeable injury or, with regard to occupational diseases, had discontinued their exposure to the causative substance. The Kentucky court knew when it decided Blankenship in 1991 that the 1987 RIB statute could not possibly serve a legitimate purpose. The statistical data presented four years later in Thornsbury simply confirmed this. Thus, while it is now clear that the statute failed to serve any legitimate purpose, such hindsight is not necessary to invalidate the statute because on its face it clearly had no rational basis.

The Kentucky court apparently chose in the present case

to analyze the challenged provision in connection with the other, valid amendments enacted in 1987. This explains the court's reliance upon Holmes. Having found that the legislative scheme, in general, was suited to a proper legislative goal, the court simply declared the retraining incentive benefits provisions constitutional as part of that package. Further, contrary to the Kentucky court's other apparent rationale, the legislature's creation of a real retraining incentive in 1994 cannot reasonably be considered as proof of what the legislature intended seven years earlier. The current statute's validity has nothing to do with that of its predecessor, except to show what should have been done, if anything was to be done, the first time.

Granted, in 1987 it may have been necessary or expedient to create a new source of cash benefits for working miners in order to win acceptance of limits on the availability on total disability awards. This does not mean that the specific provision challenged here is constitutional. Rather, if that was the only reason for the creation of such benefits, it means exactly the opposite. This Court must consider whether the statute in question itself is rationally related to some legitimate purpose or whether it was simply an arbitrary, legislative act. Clearly, the Court should find that it was the latter. If it had been necessary, as a "political compromise" to expedite passage of the 1987 reforms, that the legislature also pass a statute requiring coal mine operators to buy every employee a new car, certainly the Court would not declare that enactment constitutional simply because it was part of a reform package which was generally valid. This Court should not look at Ky. Rev. Stat. §342.732(1)(a) in conjunction with the other reforms simultaneously enacted and thereby deem the former to be constitutional simply because it was the quid pro quo for the latter. Rather, even though compromise is an essential feature of the legislative process, the "quid" and the "quo" must each pass constitutional muster on its own. Otherwise, a legislature

can pass any arbitrary bill it chooses simply by including it in the negotiations pertaining to some other, valid enactment.

The Constitution does not require the legislature to adopt, in every case, the means best suited to achieving its legitimate goals and courts will not question the wisdom of legislative enactments when that is all that they are called upon to do; but when a statute is so obviously devoid of wisdom, when the means chosen by the legislature clearly are not suited at all to the attainment of the stated goal or any imaginable, legitimate goal, the Court must bring to bear its power to correct the situation. Government action is unconstitutional if it is "arbitrary, . . . or demonstrably irrelevant to the policy the legislature is free to adopt." Nebbia v. New York, 291 U.S. 502, 534 (1934). The statute in this case possesses those attributes in abundance.

CONCLUSION

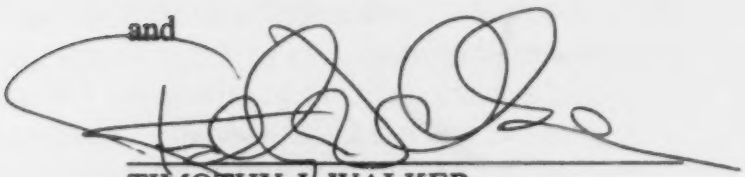
For the foregoing reasons, a Writ of Certiorari should issue to review the Opinion of the Kentucky Supreme Court.

Respectfully submitted,

LEONA A POWER
REECE & LANG, P.S.C.
P.O. DRAWER 5087
LONDON, KY 40745-5087
(606) 864-2263

Counsel of Record

and



TIMOTHY J. WALKER
REECE & LANG, P.S.C.
P. O. DRAWER 5087
LONDON, KY 40745-5087
(606) 864-2263
Counsel for Petitioner

RENDERED: October 19, 1995
NOT TO BE PUBLISHED

SUPREME COURT OF KENTUCKY
95-SC-383-WC

LEECO, INC. APPELLANT

V. APPEAL FROM COURT OF APPEALS
NO. 94-CA-1977-WC
(Workers' Compensation Board No. 93-30380)

BILLY WAYNE BURNS;
LLOYD R. EDENS, Administrative
Law Judge; and
WORKERS' COMPENSATION BOARD APPELLEES

MEMORANDUM OPINION OF THE COURT

AFFIRMING

This appeal of a workers' compensation award is premised on the employer's assertion that KRS 342.732(1)(a), as applied to this claim, violates the 5th and 14th Amendments to the United States Constitution and Sections 2 and 59 of the Kentucky Constitution.

Claimant had worked as an underground coal miner since 1975 and continued to be so employed during the adjudication of this claim for benefits pursuant to KRS 342.732(1)(a), also known as the retraining incentive benefit or RIB statute. The contested issues included the existence of coal workers' pneumoconiosis, claimant's entitlement to a RIB, and the constitutionality of KRS 342.732(1)(a).

On March 30, 1994, claimant was awarded a RIB, and the employer appealed, contesting the constitutionality of KRS 342.732(1)(a).[1] The award was affirmed by the Workers' Compensation Board (Board) in an opinion that acknowledged the Board's lack of jurisdiction over the issue being appealed. Blue Diamond Coal Co. v. Cornett, 300 Ky. 647, 189 S.W.2d 963 (1945) and Kenton and Campbell Benevolent Burial Assoc. v. Goodpaster, Ky., 200 S.W.2d 120 (1946).

The employer then appealed to the Court of Appeals, raising the constitutional issues and arguing that the 1994 amendment was remedial and should be applied to this case. The Court of Appeals disposed of the second argument by noting that the argument was not preserved and that the claim was not pending on the effective date of the amendment. In affirming the award, the Court of Appeals cited extensively from the rationale supporting the decision in Kentucky Harlan Coal Company v. Holmes, Ky., 872 S.W. 2d 446 (1994), in which KRS 342.732(1)(d) survived a similar constitutional challenge.

The employer now appeals to this Court, arguing that the Court of Appeals overlooked the implications of the fact that, unlike the other subsections of KRS 342.732, subsection (1)(a) is not premised on a finding of occupational disability. The employer also argues that the provision applies only to coal miners and that there is no distinctive or natural reason to support the classification created by the statute. Furthermore,

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[1]KRS 342.732(1)(a) was amended, effective April 4, 1994, to provide that, in the case of a working miner who was enrolled and actively participating in a bona-fide training or education program, benefits would be paid directly to the institution. The benefit could be paid directly to a worker only if the worker was no longer employed in the mining industry.

the employer argues that the pre-1994 provision does not protect the miners' health because it does not require them to leave the industry or to use the benefit for retraining. Therefore, the employer asserts that the pre-1994 version of the statute is so arbitrary and irrational that it violates the principles of due process and that the provision constitutes special legislation.

Contrary to the employer's assertion, we agree with the Court of Appeals that the rationale supporting the decision in Holmes, supra, also is applicable to subsection (1)(a) of KRS 342.732. Furthermore, we reject the assertion that the implications of awarding a RIB to a worker who has not demonstrated a respiratory impairment were overlooked by the Court of Appeals.

The legislature's purpose for enacting KRS 342.732 (1)(a) was to encourage coal workers who have contracted occupational pneumoconiosis but who have not as yet sustained a significant respiratory impairment to leave the industry before they become disabled. The means by which the legislature sought to accomplish that objective was by providing for a RIB. See Thornsbury v. Aero Energy (rendered September 21, 1995).

As explained in Holmes, supra, the classifications set forth in KRS 342.732 apply equally to all in the class and the legislature had distinct and natural reasons for separately classifying coal workers as well as for employing the subclassifications set forth within KRS 342.732, including that set forth in subsection (1)(a). Id., at 455. By providing a benefit which is aimed at encouraging coal workers who have contracted pneumoconiosis to leave the mining industry before they become disabled, the pre-1994 version of KRS 342.732 (1)(a), like the other subsections of the statute, is rationally related to the legitimate governmental objectives which were

recognized by the Court in Holmes, Id. The fact that under the pre-1994 version of the statute some workers chose not to use the benefit for its intended purpose does not render the legislature's decision to provide the benefit so unreasonable as to be arbitrary. Accordingly, we agree with the Court of Appeals that the pre-1994 version of KRS 342.732(1)(a) does not constitute special legislation nor does it violate the principles of either state or federal due process. U.S. Const., Amendments 5 and 14; Ky. Const. §2 and 59.

The decision of the Court of Appeals is hereby affirmed.

All concur.

ATTORNEY FOR APPELLANT:

Hon. Timothy Joe Walker
REECE & LANG, P.S.C.
P.O. Drawer 5087
London, Kentucky 40745-5087

ATTORNEYS FOR APPELLEE BURNS:

Hon. Rickey D. Bailey
Hon. McKinnley Morgan
Suite 1, 116 Lawyer Street
Manchester, Kentucky 40962

RENDERED: APRIL 14, 1995, 2:00 p.m. TO BE PUBLISHED

COMMONWEALTH OF KENTUCKY

COURT OF APPEALS
NO. 94-CA-001977-WC

LEECO, INC. APPELLANT

PETITION FOR REVIEW
OF A DECISION OF
THE WORKERS' COMPENSATION BOARD
WC-93-030380

BILLY WAYNE BURNS; LLOYD R. EDENS, ADMINISTRATIVE LAW JUDGE; WORKERS' COMPENSATION BOARD APPELLEES

OPINION
AFFIRMING

* * *

BEFORE: EMBERTON, MILLER AND SCHRODER, JUDGES.

SCHRODER, JUDGE: The issue in this petition for review of a decision of the Workers' Compensation Board is whether KRS 342.732(1)(a), as it existed prior to the April 4, 1994 legislative amendment, is constitutional.

We quickly dispose of appellant's belated argument that the amendment to KRS 342.732(1)(a) should be retroactively applied. This argument was not preserved for appeal. In addition, the claim was not pending as of April 4, 1994. See Thornsbury v. Aero Energy, Ky., _____ S.W.2d _____ (1995). As a result, appellant does not have standing to question the constitutionality of KRS 342.732(1)(a), as amended April 4, 1994.

Leeco, Inc. (Leeco) maintains that the retraining incentive benefits (RIB) statute, KRS 342.732(1)(a), is unconstitutional because it is special legislation and is violative of due process. We borrow generously from the Supreme Court's opinion in Kentucky Harlan Coal Company v. Holmes, Ky., 872 S.W.2d 446 (1994), which declared KRS 342.732(1)(d) constitutional, in finding the RIB statute constitutional.

Regarding the claim of special legislation, Leeco contends that the statute does not apply equally to all in a class, as only Kentucky coal miners may qualify to receive the benefits. Leeco further finds no distinctive or natural reason to support the classification because, if the miners who qualify for RIBs become impaired, they are entitled to relief under either KRS 342.732(1)(b), (c), or (d). Appellant claims there is no substantial or justifiable reason for the classification based on legislative history or the statute's title or subject matter. Leeco asserts that subsection (1)(a) does not protect the miners' health because it does not require them to leave coal mine employment and certainly does not require retraining.

For a law to be constitutionally general, and therefore not special legislation, it must meet these requirements:

(1) it must apply equally to all in a class, and

(2) there must be distinctive and natural reasons inducing and supporting the classification.

Holmes at 452.

Relative to the first prong of the test, Greene v.

Caldwell, 170 Ky. 571, 186 S.W.2d 648 (1916) established, and Holmes affirmed, that the Workers' Compensation Act, and as a corollary KRS 342.732, was not special legislation even though it applies only to certain employers and employees. Because the financial crisis faced by the Kentucky workers' compensation system, as described below, was caused by workers who contracted coal workers' pneumoconiosis, there was "no necessity to include workers with other occupational pneumoconioses in order to remedy the problems which the legislation sought to correct." Holmes at 453. Therefore, prong one of the test is met.

"[L]egislative classifications may be used to regulate employer/employee relations where the classification is consistent with correcting an abuse or problem which the legislature seeks to cure." Holmes at 452. The Court found distinctive and natural reasons for the classification, specifically, to put the Special Fund, which had borne a disproportionate burden of previous awards to miners, on sounder financial footing[2] and to "decrease the number of total, occupational disability awards for coal workers' pneumoconiosis." Id. at 454. These reasons apply equally well to subsection (1) (a) of the statute.

Retraining incentive benefits have been described by former Senator H. Edward O'Daniel, Jr. as "a political compromise." 1987 Kentucky Workers'Compensation Law, p.21. Whereas, prior to the enactment of KRS 342.732, black lung awards in Kentucky were largely an all or nothing proposition. Under the new law, there would be a large number of awards that granted less than total disability. Therefore, the RIB subsection was seen as a "compromise method of containing the runaway costs of the black lung

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[2] "Coal workers' pneumoconiosis accounted for 95% of the Special Fund's liability for occupational disease, and over 90% of awards for the disease were for total disability." Id. at 453.

program." Id. Awards under KRS 342.732(1)(a) are paid solely by employers; the Special Fund has no liability. Moreover, a miner who receives a RIB gets a 208-week award, not a lifetime total disability award. Accordingly, KRS 342.732(1)(a) is not special legislation.

The Holmes Court also rejected the notion that KRS 342.732(1)(d) violates due process. Because the statute involves the regulation of economic matters, it must be rationally related to a legitimate governmental objective to pass due process muster. "The constitutionality of a statute will be upheld if its classification is not arbitrary, or if it is founded upon any substantial distinction suggesting the necessity or propriety of such legislation." Holmes at 455. We believe the Supreme Court's holding in Holmes speaks not only to KRS 342.732(1)(d), but also to (1)(a) and the other two subsections:

> Decidedly, KRS 342.732 and the classifications created therein are rationally related to a legitimate state objective, affording protection to all of Kentucky industry, (and hence, the employment/jobs of Kentucky workers) from an economic drain caused by Special Fund assessments for compensation claims directly related to the coal industry, and particularly those due to high incidence of coal workers' pneumoconiosis. As the problem the legislature sought to solve was attributable to the coal industry, the solution therefor need deal only with workers of that industry. Said otherwise, the classification of coal workers with pneumoconiosis was founded on a substantial distinction that was necessary in view of the legislative history.

Id.

KRS 342.732, including subsection (1)(a), furthers the goals of lessening the economic drain on the Special Fund caused by claims due to coal mine employment, reducing workers' compensation payments, and providing an alternative to total disability. The purpose of KRS 342.732 (1) (a), specifically, is to retrain workers for other jobs so as to diminish the likelihood of their becoming totally disabled by coal miners' pneumoconiosis later on. We need not address the efficiency with which the RIB statute accomplished these goals. For the foregoing reasons, we find that KRS 342.732(1)(a) is constitutional, and the Workers' Compensation Board's opinion is affirmed.

ALL CONCUR.

ATTORNEYS FOR APPELLANT:

Timothy Joe Walker
London, Kentucky

ATTORNEYS OF APPELLEE, BILLY WAYNE BURNS:

Rickey D. Bailey
Manchester, Kentucky

McKinley Morgan
Hyden, Kentucky

ATTORNEY FOR APPELLEE, WORKERS' COMPENSATION BOARD:

Chris Gorman
Attorney General
Frankfort, Kentucky

COMMONWEALTH OF KENTUCKY

WORKERS' COMPENSATION BOARD

OPINION RENDERED: July 29, 1994

CLAIM NO. 93-30380

LEECO, INC. PETITIONER

VS. APPEAL FROM HON LLOYD R. EDENS, ADMINISTRATIVE LAW JUDGE

BILLY WAYNE BURNS and
HON. LLOYD R. EDENS,
ADMINISTRATIVE LAW JUDGE RESPONDENTS

AFFIRMING

* * * * * *

BEFORE: ANGELUCCI, Chairman, and GREATHOUSE, Board Member

GREATHOUSE, MEMBER. Leeco, Inc. ("Leeco") appeals from an Opinion, Order and Award rendered March 30, 1994 by Hon. Lloyd R. Edens, administrative Law Judge ("ALJ"), wherein Billy Wayne Burns ("Burns") was awarded retraining incentive benefits pursuant to KRS 342.732 (1) (a). Leeco's only appellate argument is that KRS 342.732 (1) (a) is unconstitutionally arbitrary and irrational. We decline to address the merits of Leeco's argument. As an administrative agency, this Board has no jurisdiction to determine the constitutionality of a statute. Blue Diamond Coal Co. v.

Cornett, 300 Ky. 647, 189 S.W.2d 963 (1945). Such a determination can only be made by a court of law. Kenton and Campbell Benevolent Burial Assoc. v. Goodpastor, Ky., 200 S.W.2d 120 (1946).

Accordingly, the Opinion, Order and Award rendered March 30, 1994 by Hon. Lloyd R. Edens, Administrative Law Judge, is hereby AFFIRMED, and the appeal by Leeco, Inc. is hereby DISMISSED.

ALL CONCUR.

COUNSEL FOR PETITIONER:

Hon. Timothy J. Walker
P.O. Drawer 5087
London, KY 40745-5087

COUNSEL FOR RESPONDENT:

Hon. Rickey D. Bailey
116 Lawyer St., Suite 1
Manchester, KY 40962

Hon. McKinnley Morgan
P.O. Box 1780
Hyden, KY 41748

ADMINISTRATIVE LAW JUDGE:

Hon. Lloyd R. Edens
P.O. Drawer 728
Middlesboro, KY 40965

COMMONWEALTH OF KENTUCKY

DEPARTMENT OF WORKERS' CLAIMS
CLAIM NO. 93-24528

BILLY WAYNE BURNS, PLAINTIFF,

vs. OPINION, ORDER AND AWARD

LEECO COAL COMPANY, DEFENDANT.

Hon. Ricky D. Bailey
116 Lawyer Street, Suite 1
Manchester, Kentucky 40962
ATTORNEY FOR PLAINTIFF

Hon. Timothy Joe Walker
Post Office Box 5087
London, Kentucky 40745
ATTORNEY FOR DEFENDANT

Hon. McKinnley Morgan
Post Office Box 1780
Hyden, Kentucky 41749
ATTORNEY FOR PLAINTIFF

* * * * * * * * *

FINDINGS OF FACT

1. At the pre-hearing conference on March 18, 1994, the parties stipulated the following matters: coverage under the Act; employment relationship between the plaintiff and defendant at all relevant times; due and timely notice; average weekly wage which entitled the plaintiff to maximum

benefit; the plaintiff is still working for the defendant-employer; the plaintiff had 18 years of multiple exposure; and the plaintiff's date of birth was May 27, 1947.

The contested issues in the case were the existence of pneumoconiosis and whether the plaintiff was entitled to Retraining Incentive Benefits (RIB). Additionally, the defendant-employer reserved the constitutionality of KRS 342.732 as an issue. The case was submitted on the record as of March 30, 1994, and the parties waived the right to a hearing.

2. The plaintiff, Billy Wayne Burns, testified by deposition on November 3, 1993, that he had worked as an underground coal miner since 1975. He stated that his duties included working as a general mine foreman and on the belt line.

3. The medical evidence in the case consisted of the following:

(a) Dr. Emery Lane, a pulmonary specialist, interpreted a May 19, 1993, chest x-ray of the plaintiff as evidencing Category l/1 coal workers' pneumoconiosis.

(b) Dr. Glen Baker, a pulmonary specialist, interpreted a May 19, 1993, chest x-ray of the plaintiff as evidencing Category 1/0 coal workers' pneumoconiosis.

(c) Dr. Judah Skolnick, a pulmonary specialist, interpreted a May l9, 1993, chest x-ray of the plaintiff as evidencing Category 1/2 coal workers' pneumoconiosis.

(d) Dr. William Anderson, a pulmonary specialist, interpreted a May 19, 1993, chest x-ray of the plaintiff as

showing no evidence of coal workers' pneumoconiosis.

(e) Dr. Ballard Wright interpreted a July 23, 1993, chest x-ray of the plaintiff as showing no evidence of pneumoconiosis.

(f) Dr. Bruce Broudy, a pulmonary specialist, interpreted an October 6, 1993, chest x-ray of the plaintiff as showing no evidence of pneumoconiosis.

4. In reviewing the medical evidence in this case, I am persuaded by the findings of Drs. Lane and Skolnick, both noted pulmonary specialists, who diagnosed Category 1/1 and 1/2 pneumoconiosis, respectively. Accordingly, based upon the plaintiff's work history, exposure,. and the aforementioned medical findings, it is my finding that the plaintiff, Billy Wayne Burns, has Category I coal workers' pneumoconiosis and is entitled to the Retraining Incentive Benefit pursuant to KRS 342.732(1)(a).

RULINGS OF LAW

KRS 342.020
KRS 342.316
KRS 342.732
KRS 342.800

AWARD AND ORDER

IT IS HEREBY ORDERED AND ADJUDGED as follows:

1. The plaintiff, Billy Wayne Burns, shall recover of the defendant-employer, Leeco Coal Company, and/or its insurance carrier, the sum of $147.90 per week, beginning the second regular pay period after this award becomes final, and

continuing thereafter for 208 weeks, with interest at the rate of 12% per annum on all due and unpaid installments of such compensation, and the said defendant shall take credit for payments of such compensation heretofore paid.

2. The plaintiff, Billy wayne Burns, shall further recover of the defendant-employer, Leeco Coal Company, and/or its insurance carrier, for the cure and relief of the occupational disease, such medical, surgical and hospital expenses, including nursing, medical and surgical supplies and appliances, as may reasonably be required for the treatment of his occupational disease.

3. Appropriate credit shall be given in the event of an award to the plaintiff under the Federal Coal Mine Safety and Health Act for any payments made in excess of the benefits provided for in accordance with KRS 342.800.

4. All Motions for approval of attorney fees shall be filed with the Department of Workers' Claims within thirty (30) days following the final disposition of this award.

SO ORDERED, this 30 day of March, 1994.

Lloyd R. Edens
Administrative Law Judge

Ky. Rev. Stat. Ann. §342.732 (Michie 1993).

Income Benefits and Retraining Incentive Benefits for Occupational Pneumoconiosis.

(1) Notwithstanding any other provision of this chapter, income benefits and retraining incentive benefits for occupational pneumoconiosis resulting from exposure to coal dust shall be paid as follows:

(a) If the administrative law judge finds that an employee has a radiographic classification of category 1/0, 1/1, or 1/2, based on the latest ILO International Classification of Radiographics, resulting from exposure to coal dust, which is validated by two (2) X-rays and reports of the X-rays which conform to the standards for X-rays contained in subsection (2) of KRS 342.316, he shall award a one (1) time only retraining incentive benefit which shall be in an amount equal to sixty-six and two-thirds percent (66 2/3%) of the employee's average weekly wage but no more than seventy-five percent (75%) of the state average weekly wage as described by KRS 342.740, multiplied by fifty percent (50%) and shall be payable for a period not to exceed two hundred and eight (208) weeks. The one (1) time only retraining incentive benefit awarded under this paragraph may be collected semimonthly as provided in KRS 342.040, by the employee while he continues to work in the mining industry. The retraining incentive benefit may be collected in a lump sum when the employee leaves his hazardous employment in the mining industry if the parties agree and the agreement is approved by the administrative law judge. Based upon this examination, the administrative law judge may make appropriate findings and enter an award if indicated.

(b) If the administrative law judge finds that an employee has a radiographic classification of category 1/0, 1/1 or 1/2, based on the latest ILO International Classification of Radiographics,

and respiratory impairment resulting from the exposure to coal dust as evidenced by spirometric test values of fifty-five percent (55%) or more but less than eight percent (80%) of the predicted normal values contained in the chapter on the respiratory system of the latest edition available of the Guides to the Evaluation of Permanent Impairment published by the American Medical Association, there shall be an irrebuttable presumption that the employee has an occupational disability rating of seventy-five percent (75%) resulting from exposure to coal dust and the administrative law judge shall award an income benefit which shall be an amount equal to sixty-six and two-thirds percent (66 2/3%) of the employee's average weekly wage multiplied by the disability rating of seventy-five percent (75%) but not to exceed seventy-five percent (75%) of the state average weekly wage as determined by KRS 342.740. The award shall be payable for a period not to exceed four hundred and twenty-five (425) weeks.

(c) If the administrative law judge finds that an employee has radiographic classification of category 1/0, 1/1 or 1/2, based upon the latest ILO International Classification of Radiographics, and respiratory impairment as evidenced by spirometric test values of less than fifty-five percent (55%) of the predicted normal values contained in the chapter on the respiratory system of the latest edition available of the Guides to the Evaluation of permanent Impairment published by the American Medical Association, there shall be an irrebuttable presumption that the employee is totally disabled resulting from exposure to coal dust and the administrative law judge shall award income benefits which shall be equal to sixty-six and two-thirds percent (66 2/3%) of the employee's average weekly wage but not more than one hundred percent (100%) the state average weekly wage and not less than twenty percent (20%) of the state average weekly wage as determined by KRS 342.740. Income benefits awarded under this paragraph shall

be paid to the employee during such disability.

(d) If the administrative law judge finds that an employee has occupational pneumoconiosis with a radiographic classification of category 2/1, 2/2, 2/3, 3/2, 3/3, or progressive massive fibrosis, based on the latest ILO International Classification of Radiographics, there shall be an irrebuttable presumption that the employee is totally disabled resulting from the exposure to coal dust and the administrative law judge shall award income benefits equal to sixty-six and two-thirds percent (66 2/3%) of the employee's average weekly wage but not more than one hundred percent (100%) of the state average weekly wage and not less than twenty percent (20%) of the average weekly wage of the state as determined by KRS 342.740. Income benefits awarded under this paragraph shall be payable to the employee during such disability.

(2) The presence of respiratory impairment resulting from exposure to coal dust shall be established using the largest forced vital capacity (FVC) value or the largest forced expiratory volume in one second (FEV_1) determined from the totality of all such spirometric testing performed in compliance with accepted medical standards.

(3) When valid spirometric tests are not provided and a physician certifies to the administrative law judge that spirometric testing is not medically indicated because of the permanent physical condition of the employee, the administrative law judge shall make his decision on the basis of evidence admitted which establishes the existence of a diagnosis of occupational pneumoconiosis and respiratory impairment due to such occupational pneumoconiosis. The evidence submitted by the employee shall include one (1) or more arterial blood gas studies performed in accordance with accepted medical standards. Income benefits shall not be awarded in the absence

of valid spirometric tests if the claimant's PO2 arterial blood gas value is equal to or higher than one (1) standard deviation from the normal value obtained by the formula (103.5 - 0.142X), where X equals the claimant's age at the time of the arterial blood gas study.